
HOUSE BILL 3383

State of Washington

60th Legislature

2008 Regular Session

By Representatives Fromhold and McDonald

1 AN ACT Relating to state general obligation bonds and related
2 accounts; amending RCW 39.42.060 and 28A.245.030; adding new chapters
3 to Title 43 RCW; adding a new chapter to Title 28A RCW; creating a new
4 section; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **PART 1**

7 NEW SECTION. **Sec. 101.** For the purpose of providing state funds
8 for federally matched flood hazard mitigation and other projects
9 throughout the Chehalis river basin, the state finance committee is
10 authorized to issue general obligation bonds of the state of Washington
11 in the sum of fifty million dollars, or as much thereof as may be
12 required, to finance the projects and all costs incidental thereto.
13 Bonds authorized in this section may be sold at such price as the state
14 finance committee shall determine. No bonds authorized in this section
15 may be offered for sale without prior legislative appropriation of the
16 net proceeds of the sale of the bonds.

1 NEW SECTION. **Sec. 102.** The proceeds from the sale of the bonds
2 authorized in section 101 of this act shall be deposited in the state
3 building construction account created by RCW 43.83.020. If the state
4 finance committee deems it necessary to issue taxable bonds in order to
5 comply with federal internal revenue service rules and regulations
6 pertaining to the use of nontaxable bond proceeds, the proceeds of such
7 taxable bonds shall be transferred to the state taxable building
8 construction account in lieu of any deposits otherwise provided by this
9 section. The state treasurer shall submit written notice to the
10 director of financial management if it is determined that any such
11 transfer to the state taxable building construction account is
12 necessary. Moneys in the account may be spent only after
13 appropriation. These proceeds shall be used exclusively for the
14 purposes specified in section 101 of this act and for the payment of
15 expenses incurred in the issuance and sale of the bonds. These
16 proceeds shall be administered by the office of financial management
17 subject to legislative appropriation.

18 NEW SECTION. **Sec. 103.** (1) The debt-limit general fund bond
19 retirement account shall be used for the payment of the principal of
20 and interest on the bonds authorized in section 101 of this act.

21 (2) The state finance committee shall, on or before June 30th of
22 each year, certify to the state treasurer the amount needed in the
23 ensuing twelve months to meet the bond retirement and interest
24 requirements. On each date on which any interest or principal and
25 interest payment is due the state treasurer shall withdraw from any
26 general state revenues received in the state treasury and deposit in
27 the debt-limit general fund bond retirement account an amount equal to
28 the amount certified by the state finance committee to be due on the
29 payment date.

30 NEW SECTION. **Sec. 104.** (1) Bonds issued under section 101 of this
31 act shall state that they are a general obligation of the state of
32 Washington, shall pledge the full faith and credit of the state to the
33 payment of the principal thereof and the interest thereon, and shall
34 contain an unconditional promise to pay the principal and interest as
35 the same shall become due.

1 In the interest of funding equity and ensuring a commitment to the
2 new development, major renovation, or expansion of skill centers, all
3 school district partners must contribute to the acquisition or major
4 capital costs of skill center projects supported by this act to the
5 greatest extent feasible.

6 NEW SECTION. **Sec. 202.** For the purpose of providing needed
7 capital improvements consisting of the predesign, design, acquisition,
8 construction, modification, renovation, expansion, equipping, and other
9 improvements of skill centers facilities, including capital
10 improvements to support satellite or branch campus programs for
11 underserved rural areas or high-density areas, the state finance
12 committee is authorized to issue general obligation bonds of the state
13 of Washington in the sum of one hundred million dollars, or as much
14 thereof as may be required, to finance all or a part of these projects
15 and all costs incidental thereto. Bonds authorized in this section may
16 be sold at such price as the state finance committee shall determine.
17 No bonds authorized in this section may be offered for sale without
18 prior legislative appropriation of the net proceeds of the sale of the
19 bonds. If the state finance committee deems it necessary to issue
20 taxable bonds in order to comply with federal internal revenue service
21 rules and regulations pertaining to the use of nontaxable bond
22 proceeds, the proceeds of such taxable bonds shall be transferred to
23 the state taxable building construction account in lieu of any deposits
24 otherwise provided by this section. The state treasurer shall submit
25 written notice to the director of financial management if it is
26 determined that any such transfer to the state taxable building
27 construction account is necessary.

28 NEW SECTION. **Sec. 203.** This chapter is not intended to limit the
29 legislature's ability to appropriate bond proceeds if the full amount
30 authorized in this chapter has not been appropriated after one biennia,
31 and the authorization to issue bonds contained in this chapter does not
32 expire until the full authorization has been appropriated and issued.

33 NEW SECTION. **Sec. 204.** (1) The proceeds from the sale of the
34 bonds authorized in section 202 of this act shall be deposited in the
35 skill centers building account created in section 210 of this act.

1 (2) The proceeds shall be used exclusively for the purposes stated
2 in section 202 of this act and for the payment of the expenses incurred
3 in connection with the sale and issuance of the bonds.

4 NEW SECTION. **Sec. 205.** (1) The nondebt-limit reimbursable bond
5 retirement account must be used for the payment of the principal and
6 interest on the bonds authorized in section 202 of this act.

7 (2)(a) The state finance committee must, on or before June 30th of
8 each year, certify to the state treasurer the amount needed in the
9 ensuing twelve months to meet the bond retirement and interest
10 requirements on the bonds authorized in section 202 of this act.

11 (b) On or before the date on which any interest or principal and
12 interest is due, the state treasurer shall transfer from that portion
13 of the common school construction fund derived from the interest on the
14 permanent common school fund into the nondebt-limit reimbursable bond
15 retirement account the amount computed in (a) of this subsection for
16 bonds issued for the purposes of section 202 of this act. Any
17 deficiency in such transfer shall be made up as soon as moneys are
18 available for transfer and shall constitute a continuing obligation of
19 that portion of the common school construction fund derived from the
20 interest on the permanent common school fund until all deficiencies are
21 fully paid.

22 NEW SECTION. **Sec. 206.** (1) Bonds issued under section 202 of this
23 act shall state that they are a general obligation of the state of
24 Washington, shall pledge the full faith and credit of the state to the
25 payment of the principal thereof and the interest thereon, and shall
26 contain an unconditional promise to pay the principal and interest as
27 the same shall become due.

28 (2) The owner and holder of each of the bonds or the trustee for
29 the owner and holder of any of the bonds may by mandamus or other
30 appropriate proceeding require the transfer and payment of funds as
31 directed in this section.

32 NEW SECTION. **Sec. 207.** The bonds authorized in section 202 of
33 this act shall be a legal investment for all state funds or funds under
34 state control and for all funds of any other public body.

1 additional taxable bonds shall be transferred to the state taxable
2 building construction account in lieu of any transfer otherwise
3 provided by this section. The state treasurer shall submit written
4 notice to the director of the office of financial management if it is
5 determined that any such additional transfer to the state taxable
6 building construction account is necessary. Moneys in the account may
7 be spent only after appropriation. These proceeds shall be used
8 exclusively for the purposes specified in section 301 of this act and
9 for the payment of expenses incurred in the issuance and sale of the
10 bonds. These proceeds shall be administered by the office of financial
11 management subject to legislative appropriation.

12 NEW SECTION. **Sec. 303.** (1) The debt-limit general fund bond
13 retirement account shall be used for the payment of the principal of
14 and interest on the bonds authorized in section 301 of this act.

15 (2) The state finance committee shall, on or before June 30th of
16 each year, certify to the state treasurer the amount needed in the
17 ensuing twelve months to meet the bond retirement and interest
18 requirements. On each date on which any interest or principal and
19 interest payment is due the state treasurer shall withdraw from any
20 general state revenues received in the state treasury and deposit in
21 the debt-limit general fund bond retirement account an amount equal to
22 the amount certified by the state finance committee to be due on the
23 payment date.

24 NEW SECTION. **Sec. 304.** (1) Bonds issued under section 301 of this
25 act shall state that they are a general obligation of the state of
26 Washington, shall pledge the full faith and credit of the state to the
27 payment of the principal thereof and the interest thereon, and shall
28 contain an unconditional promise to pay the principal and interest as
29 the same shall become due.

30 (2) The owner and holder of each of the bonds or the trustee for
31 the owner and holder of any of the bonds may by mandamus or other
32 appropriate proceeding require the transfer and payment of funds as
33 directed in this section.

34 NEW SECTION. **Sec. 305.** The legislature may provide additional
35 means for raising moneys for the payment of the principal of and

1 interest on the bonds authorized in section 301 of this act, and
2 section 303 of this act shall not be deemed to provide an exclusive
3 method for the payment.

4 NEW SECTION. **Sec. 306.** The bonds authorized in section 301 of
5 this act shall be a legal investment for all state funds or funds under
6 state control and for all funds of any other public body.

7 **PART 4**

8 **Sec. 401.** RCW 39.42.060 and 2003 c 147 s 13 are each amended to
9 read as follows:

10 No bonds, notes, or other evidences of indebtedness for borrowed
11 money shall be issued by the state which will cause the aggregate debt
12 contracted by the state to exceed that amount for which payments of
13 principal and interest in any fiscal year would require the state to
14 expend more than seven percent of the arithmetic mean of its general
15 state revenues, as defined in RCW 39.42.070, for the three immediately
16 preceding fiscal years as certified by the treasurer in accordance with
17 RCW 39.42.070. It shall be the duty of the state finance committee to
18 compute annually the amount required to pay principal of and interest
19 on outstanding debt. In making such computation, the state finance
20 committee shall include all borrowed money represented by bonds, notes,
21 or other evidences of indebtedness which are secured by the full faith
22 and credit of the state or are required to be paid, directly or
23 indirectly, from general state revenues and which are incurred by the
24 state, any department, authority, public corporation or quasi public
25 corporation of the state, any state university or college, or any other
26 public agency created by the state but not by counties, cities, towns,
27 school districts, or other municipal corporations, and shall include
28 debt incurred pursuant to section 3 of Article VIII of the Washington
29 state Constitution, but shall exclude the following:

- 30 (1) Obligations for the payment of current expenses of state
31 government;
- 32 (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;
- 33 (3) Principal of and interest on bond anticipation notes;
- 34 (4) Any indebtedness which has been refunded;
- 35 (5) Financing contracts entered into under chapter 39.94 RCW;

1 (6) Indebtedness authorized or incurred before July 1, 1993,
2 pursuant to statute which requires that the state treasury be
3 reimbursed, in the amount of the principal of and the interest on such
4 indebtedness, from money other than general state revenues or from the
5 special excise tax imposed pursuant to chapter 67.40 RCW;

6 (7) Indebtedness authorized and incurred after July 1, 1993,
7 pursuant to statute that requires that the state treasury be
8 reimbursed, in the amount of the principal of and the interest on such
9 indebtedness, from (a) moneys outside the state treasury, except higher
10 education operating fees, (b) higher education building fees, (c)
11 indirect costs recovered from federal grants and contracts, and (d)
12 fees and charges associated with hospitals operated or managed by
13 institutions of higher education;

14 (8) Any agreement, promissory note, or other instrument entered
15 into by the state finance committee under RCW 39.42.030 in connection
16 with its acquisition of bond insurance, letters of credit, or other
17 credit support instruments for the purpose of guaranteeing the payment
18 or enhancing the marketability, or both, of any state bonds, notes, or
19 other evidence of indebtedness;

20 (9) Indebtedness incurred for the purposes identified in RCW
21 43.99N.020;

22 (10) Indebtedness incurred for the purposes of the school district
23 bond guaranty established by chapter 39.98 RCW;

24 (11) Indebtedness incurred for the purposes of replacing the
25 waterproof membrane over the east plaza garage and revising related
26 landscaping construction pursuant to RCW 43.99Q.070;

27 (12) Indebtedness incurred for the purposes of the state
28 legislative building rehabilitation, to the extent that principal and
29 interest payments of such indebtedness are paid from the capitol
30 building construction account pursuant to RCW 43.99Q.140(2)(b); (~~and~~)

31 (13) Indebtedness incurred for the purposes of financing projects
32 under RCW 47.10.867; and

33 (14) Indebtedness incurred for the purposes of capital improvements
34 for skill centers under section 202 of this act.

35 To the extent necessary because of the constitutional or statutory
36 debt limitation, priorities with respect to the issuance or
37 guaranteeing of bonds, notes, or other evidences of indebtedness by the
38 state shall be determined by the state finance committee.

1 **Sec. 402.** RCW 28A.245.030 and 2007 c 463 s 4 are each amended to
2 read as follows:

3 (1) The office of the superintendent of public instruction shall
4 review and revise the guidelines for skill centers to encourage skill
5 center programs. The superintendent, in cooperation with the workforce
6 training and education coordinating board, skill center directors, and
7 the Washington association for career and technical education, shall
8 review and revise the existing skill centers' policy guidelines and
9 create and adopt rules governing skill centers as follows:

10 (a) The threshold enrollment at a skill center shall be revised so
11 that a skill center program need not have a minimum of seventy percent
12 of its students enrolled on the skill center core campus in order to
13 facilitate serving rural students through expansion of skill center
14 programs by means of satellite programs or branch campuses;

15 (b) The developmental planning for branch campuses shall be
16 encouraged. Underserved rural areas or high-density areas may partner
17 with an existing skill center to create satellite programs or a branch
18 campus. Once a branch campus reaches sufficient enrollment to become
19 self-sustaining, it may become a separate skill center or remain an
20 extension of the founding skill center; and

21 (c) Satellite and branch campus programs shall be encouraged to
22 address high-demand fields.

23 (2) Rules adopted under this section shall allow for innovative
24 models of satellite and branch campus programs, and such programs shall
25 not be limited to those housed in physical buildings.

26 (3) The superintendent of public instruction shall develop and
27 deliver a ten-year capital plan for legislative review before
28 implementation. The superintendent of public instruction shall adopt
29 rules that set as a goal a ten percent minimum local project
30 contribution threshold for major skill center projects, unless there is
31 a compelling rationale not to do so, including but not limited to local
32 economic conditions, as determined by the superintendent of public
33 instruction. This applies to the acquisition or major capital costs of
34 skill center projects as outlined in the ten-year capital plan.

35 (4) Subject to available funding, the superintendent shall:

36 (a) Conduct approved feasibility studies for serving noncooperative
37 rural and high-density area students in their geographic areas; and

1 (b) Develop a statewide master plan that identifies standards and
2 resources needed to create a technology infrastructure for connecting
3 all skill centers to the K-20 network.

4 NEW SECTION. **Sec. 403.** Sections 101 through 106 of this act
5 constitute a new chapter in Title 43 RCW.

6 NEW SECTION. **Sec. 404.** Sections 201 through 210 of this act
7 constitute a new chapter in Title 28A RCW.

8 NEW SECTION. **Sec. 405.** Sections 301 through 306 of this act
9 constitute a new chapter in Title 43 RCW.

10 NEW SECTION. **Sec. 406.** Part headings used in this act are not any
11 part of the law.

12 NEW SECTION. **Sec. 407.** If any provision of this act or its
13 application to any person or circumstance is held invalid, the
14 remainder of the act or the application of the provision to other
15 persons or circumstances is not affected.

16 NEW SECTION. **Sec. 408.** This act is necessary for the immediate
17 preservation of the public peace, health, or safety, or support of the
18 state government and its existing public institutions, and takes effect
19 immediately.

--- END ---